

Report of the Auditor General on Head 209- Department of National Archives- Year 2016

The audit of the Appropriation Account and the Reconciliation Statement including the financial records, books, registers and other records on Head 209 Department of National Archives for the year ended 31 December 2016 was carried out in pursuance of provisions in Article 154(1) of the Democratic Socialist Republic of Sri Lanka. The Management Audit Report for the year under review was issued to the Director of the Department on 15 December 2017. The audit observations, comments and findings on the accounts and reconciliation statements were based on a review of the Accounts and Reconciliation Statements presented to audit and tests of samples of transactions. The scope and extent of such review and tests were such as to enable as wide an audit coverage as possible within the limitations of staff, other resources and time available to me.

1.2 Responsibility of the Chief Accounting Officer and the Accounting Officer on the

Accounts and Reconciliation Statements

The Chief Accounting Officer and the Accounting Officer are responsible for the maintenance, preparation and fair presentation of the Appropriation Account and the Reconciliation Statements in accordance with the provisions in Article 148,149, 150 and 152 of the Constitution of the Democratic Socialist Republic of Sri Lanka, other Statutory Provisions, and Public Finance and Administrative Regulations. The responsibility includes, designing, implementing, maintaining internal control relevant to the preparation and fair presentation of Accounts and Reconciliation Statements that are free from material misstatements whether due to fraud or error.

2. Accounts

2.1 Appropriation Account

Total Provision and Expenditure

The total net provision made for the Department amounted to Rs.332.91 million and out of that Rs.200.04 million had been utilized by the end of the year under review. Accordingly, the savings out of the total net provision made for the Department had been Rs.132.87 million or 40 per cent. Details appear below.

Expenditure	As at 31 December 2016			Savings as a percentage of Net Provision
	Net Provision	Utilization	Savings	
	Rs. Millions	Rs. Millions	Rs. Millions	
Recurrent	112.08	104.69	7.39	7
Capital	220.83	95.35	125.48	57
Total	<u>332.91</u>	<u>200.04</u>	<u>132.87</u>	40

2.2 Advances to Public Officers Account

Limits Authorized by Parliament

The limits authorized by Parliament for the Advances to Public Officers Account Item No.20901 of the Department and the actual amounts are given below.

Expenditure		Receipts		Debit Balance	
Maximum Limit	Actual	Minimum Limit	Actual	Maximum Limit	Actual
Rs.Millions	Rs.Millions	Rs.Millions	Rs.Millions	Rs.Millions	Rs.Millions
6.50	6.26	3.00	3.99	26.00	15.65

2.3 General Deposit Account

The total of the balances of 4 Deposit Accounts under the Department as at 31 December 2016 amounted to Rs.9.08 million. Details appear below.

Deposit Account Number**Balance as at 31 December 2016**

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	Rs.
6000/0000/00/0001/0121/000	269,847
6000/0000/00/0002/0170/000	20,000
6000/0000/00/0015/0091/000	(751,281)
6000/0000/00/0016/0115/000	9,545,312

Total	9,083,878
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2.4 Audit Observation

The Appropriation Account and Reconciliation Statements of the Department of National Archives for the year ended 31 December 2016 had been prepared satisfactorily subject to the Audit Observations appearing in the Management Audit Report referred to in paragraph 1.1 above. The material and significant Audit Observations out of the Audit Observations included in that Management Audit Report appear in paragraph 3.

3. Material and Significant Audit Observations**3.1 Non- maintenance of Registers and Books**

The following observation is made.

It was observed at the audit test checks that the Register of Inventories had not been properly maintained and updated in terms of the Financial Regulation 454(1), by the Department.

3.2 Lack of Evidence for Audit

The following observation is made.

Evidence such as the original copy of the Letter of Delegation of Authority, the Certificate of Guarantee for three years and the documents for the confirmation of the manufactured year relating to the Map Scanner that had been purchased from the Local Representative Agency by spending a sum of Rs.15.7 million in the year under review had not been furnished to audit.

3.3 Appropriation Account

Budgetary Variance

The following observation is made.

Excess provisions had been made for 19 Objects and as such the savings after the utilization of provisions ranged from 25 per cent to 100 per cent of the net provisions relating to the respective Objects.

3.4 General Deposit Account

The following observations are made.

- (a) Even though a Reconciliation Statement should be prepared to compare the Account Books of the Department with the Treasury Books in terms of the Financial Regulation 427, action had not been taken in such a manner relating to the General Deposit Account.
- (b) Even though the minus balance amounted to Rs.752,281 as per the Treasury Final Computer Printout as at 31 December 2016 in the General Deposit Account No.6000/0000/00/0015/0091/000, that balance had not been stated in the Advance Accounts including in the Appropriation Account and in the Summary Statement of the Control Accounts of the Deposit Accounts.

3.5 Reconciliation Statement on Advances to Public Officers Account

The following weaknesses were observed at the audit test check carried out in respect of the Reconciliation Statement as at 31 December 2016 on Advances to Public Officers Account Item No.20901.

- (a) According to the Reconciliation Statement presented to audit, the outstanding balance as at that date totaled Rs.415,833 and even though those outstanding balances had lapsed over a period ranging from 3 years to 5 years, the follow-up action of recovering those outstanding balances remained at a weak level.
- (b) A difference of Rs.65,638 was observed between the opening balances in the Advances to Public Officers Account according to the Books of the Department and the Treasury Books.

3.6 Good Governance and Accountability

Internal Audit

Even though a post of an Internal Auditor had been approved, an Internal Audit Unit had not been established.

3.7 Assets Management

The following deficiencies were observed at the audit test check carried out relating to the assets of the Department.

Idle and Underutilized Assets

- (a) Even though Metal Racks and Appliances valued at Rs.2,927,481 had been purchased in December 2015 for the Ratnapura Sub- office, these equipment remained underutilized even by August 2017 on the Department of Archeology not being able to acquire the proposed Office Building.
- (b) Racks valued at Rs.2,459,553 purchased in the year 2015 for the Legal Deposit Division had not been used for the relevant function.
- (c) Even though the Cafeteria of the Department of National Archives had been built by spending a sum of Rs.14,853,858 by the Urban Development Authority, its roof had not been built in compliance with the appropriate standards. Further, the Cafeteria had been maintained only for a period of 18 months due to seeping rain water into the Cafeteria on inserting wax covers instead of inserting walls with ventilators. It was observed that this expenditure is fruitless on this Cafeteria not being commenced even by September 2017, which was closed on May 2016.

3.8 Implementation of Projects under Domestic Financing

Projects not being commenced

The following observation is made.

The contract relating to the modification of the complete Electric Circuit System of the Old Building of the Department of National Archives had been handed over to the Department of Buildings on 29

December 2016. The estimate furnished by the Department of Buildings relating thereto amounted to Rs.13,598,750 and the cheques for a sum of Rs.5,608,059 of that value had been sent to the Department of Buildings on 31 December 2016. However, even though 8 months had lapsed by 21 September 2017, those electric circuit modification activities had not been commenced. It was observed that making payments only for the electric circuit modification activities despite there was a requirement for a complete repair of the building had been the reason in this connection.

3.9 Performance

Key Functions not executed adequately

The key functions of the Department had not been executed adequately and several instances so observed are given below.

- (a) Even though it had been planned to provide 5000 various types of maps for the use of the public by digitalization, any map whatsoever had not been digitized even up to 18 September 2017.
- (b) Even though records exceeding 16,000 remaining in the Confidential Records Division had been stored in the Deposit Boxes, they had been retained in places such as the Office Room of the Officer-in-charge of the subject, the Scanning Division and the Audio Visual Division due to a suitable place to package those boxes not being prepared.
- (c) It was observed that rain water seeps through from several places in the Second Floor in the Old Building consisting of 6 floors where the Legal Deposit Repository had been established. It was observed that there is a possibility of the records being destroyed by retaining moisture due to rain water and that the rain water could have an impact on the existence of the building and on the risk of life. Even though this condition prevailed from several years, suitable action had not been taken in this connection.
- (d) The details on the books and publications that are being handed over to the Books and Newspapers Registration Division by the publishers should be computerized after being distributed among the relevant Institutions. However, it was observed that 9496 books and publications had not been computerized in such a manner only relating to the year 2016 due to that function being delayed.
- (e) The fumigation of the old books, letters, registers and records that are being handed over to the Department of National Archives before being stored in the repositories had been the general practice. However, it was observed that fumigation is being done only in the instance where there were insects in the relevant records after they are being stored in the repositories, without taking action in such a manner. However, it was observed that there is a necessity of fumigation before being stored on various insects not visible to the human eyes could reside in the old books received.

- (f) According to the information furnished to audit, the number of books and publications that had given their registration numbers in the year 2016 by the National Library and Documentation Services Board had been 12,572. However, the number of books and publications received to the Department of National Archives out of them had been 4,054. It had been 32 per cent of the number of books being registered and 8,518 books had not been received to the Legal Deposit. As such, it was observed that sufficient monitoring had not been carried out on the relevant printing presses.

3.10 Deficiencies in the Operation of Bank Accounts

Balances for Adjustment

The following observations are made in this connection.

- (a) The value of the unidentified debit balances over 6 months including in the Bank Reconciliation Statement prepared as at 31 December 2016 had been a sum of Rs.12,230 and the value of the unidentified receipts had been a sum of Rs.61,545.
- (b) The Bank Reconciliation Statements had been balanced including a balance amounting to Rs.88,500 as an unrealized cheque from 31 December 2014 to 31 December 2016. However, such an unrealized cheques did not belong to the Department and the Department had failed to provide an acceptable explanation on this balance.

3.11 Transactions of Contentious Nature

Even though the Harbour and Airport Tax and the Nation Building Tax should be incurred by the supplier, provisions had been made for the Harbour and Airport Tax amounting to Rs.12,699,450 and the Nation Building Tax amounting to Rs.6,733,040 relating to the Installation of Mobile Racks Contract by a decision of the Cabinet of Ministers.

3.12 Irregular Transactions

Certain transactions entered into by the Department had been devoid of regularity. Several such instances observed are given below.

Deviation from Government Procurement Procedure

- (a) Even though the function of purchasing furniture amounting to Rs.24,642,139 had been handed over to the Central Engineering Consultancy Bureau, stating that there is insufficient time for the procurement functions and had requested the approval of the Cabinet of Ministers relating thereto, the approval had not been given by the Cabinet of Ministers. Here, the activities of purchasing the

relevant equipment had been initiated even in the instance where the decision of the Cabinet of Ministers No. අමස/12/0845/555/006 of 02 July 2012, stating that it is suitable to purchase, either by calling for quotations from the State Timber Corporation, Sri Lanka State Trading (General) Corporation or from other Government Institutions or by following the Open Tender Procedure. As such, it was observed that these purchases had been carried out, contrary to the decision of the Cabinet of Ministers.

- (b) Transactions relating to the supply of 4000 Books and Publications Deposit Boxes amounting to Rs.1,640,000 had been carried out without writing or signing a proper contract agreement with the relevant contractor contrary to the Guideline 8.9.1 of the Government Procurement Guidelines. As such, the Government had not been able to charge demurrages on the supplier not properly supplying goods.
- (c) Activities for the purchase of a Scanner had been initiated without a confirmation in terms of the Guideline 2.5.1(b) of the Government Procurement Guidelines on the manner of which a Supplementary Provision could be obtained for the sum of Rs.12,572,859 that was necessary in addition to the implementation of the Project on Digitalizing Maps in the year 2016. Even though the payment should be made within 30 days after the invoice being received in terms of the Procurement Condition 15.1 relating to this purchase, the payment had to be delayed up to 31 August 2017 despite the machine and the invoice being received on 27 April 2017.
- (d) Even though it had been recommended by the Technical Evaluation Committee that the Map Scanner complies with the requisite specifications, the Optical Character Recognition (OCR) facility had not been demonstrated in the training provided to officers by the supplier relating to the relevant facility.

3.13 Losses and Damages

An observation on the losses and damages revealed during the audit test checks is given below.

Even though the stretched cracks of large size remained in all four floors in the premises of the New Building had been repaired, the occurrence of cracks in such a manner within a short period of 04 years after the construction is observed as an unusual matter. Moreover, it could not be neglected in the audit the risk of the possibility of spreading these cracks even further in the building after the establishment of the Mobile Racking System for the Second, Third and Fourth Floors of this New Building.

3.14 Management Weaknesses

The following weakness was observed during audit test checks.

- (a) Even though work should be completed before 26 December 2016 in terms of the Condition 26(1) of the Agreement for the Contract of Installing Mobile Racks amounting to Rs.169 million, that period had been extended to the second week of March 2017. Even though this work had not been completed and handed over up to that date, action had not been taken to extend the period of the Performance Security. As such, the demurrage that should be charged for the delayed 112 days as at 22 June 2017 had been Rs.16.9 million.
- (b) It was observed at the audit test checks that there was no suitable place for the staff of the Department of National Archives consisting of 117 persons and for the persons participating for the training courses to have refreshments due to the Cafeteria being closed over a long period of time.
- (c) The Map Scanner that had been estimated to purchase for a sum of Rs.6,000,000 in the year 2015 had not been purchased in the year 2015 and it had been purchased in the year 2017 for a sum of Rs.15,752,859. As such, 162 per cent than the initial estimated price had been overpaid for that Machine.

3.15 Human Resources Management

Approved Cadre and Actual Cadre

The position on the cadre as at 31 December 2016 had been as follows.

Category of Employees	Approved Cadre	Actual Cadre	Number of Vacancies
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(i) Senior Level	30	05	25
(ii) Tertiary Level	12	10	02
(iii) Secondary Level	164	51	113
(iv) Primary Level	85	51	34
Total	<u>291</u>	<u>117</u>	<u>174</u>

The following observations are made in this connection.

- (a) It had been reported that the name of the post of “Records Conservationist” had been amended as “Archival Conservation Officer” and 28 posts had been approved according to restructuring of the Department and that the Department had requested for the approval from the Department of Management Services to change the name of that post as “Archival Conservationist” again. However, a large number of records that were integrated before several years by the Department had been deposited in the Repositories without being conserved on that function not being able to be completed up to date.
- (b) Presently, one Officer and an Assistant only had been deployed in service in the Reprography Division and it was observed that there is an inability to photograph all the newspapers received to the Department due to the deficit of the staff remaining in that Division. Even though two Officers deployed in service in that Division had retired in the year 2008 and by June 2017, action had not been taken to fill those vacancies up to date. Moreover, the function of providing copies giving prominence to the requests of the public also had to be performed by that Division.
- (c) A procedure had not been prepared to efficiently execute the function of the conservation of newspapers by obtaining the soft copies of the newspapers from the Newspaper Institutions and conserving by the use of the modern technology.
- (d) Action had not been taken to recruit employees for operating the Map Digitalization Machine according to the Map Digitalization Project Plan.
- (e) Even though 08 posts of Audio Visual Mechanic (Audio Visual Records Conservationist Officer under the restructuring process) had been approved for the approved cadre of the Department, presently, only one Officer is in service. Even though this Officer is expecting retirement, action had not been taken to fill the vacancies.